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C O N F I D E N T I A L SECTION 01 OF 04 BAKU 000201

SIPDIS

DEPT FOR EUR/CARC, INR (PSTRONSKI), DEFENSE FOR OUSDP  
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TAGS: [PREL](#) [ENRG](#) [SOCI](#) [ECON](#) [ETRD](#) [AJ](#) [TU](#)

SUBJECT: AZERBAIJAN-TURKEY: STILL ONE NATION, TWO STATES?

REF: A. BAKU 52

[1](#)B. BAKU 118

[1](#)C. 07 BAKU 689

Classified By: AMBASSADOR ANNE E. DERSE, REASONS 1.4 B AND D

[1](#)1. (C) Summary: Although Azerbaijan is a former Soviet republic and is still properly considered part of the ex-Soviet space, it is culturally, linguistically and economically much more a satellite of Turkey than Russia. Ties between the two countries are exceptionally strong along the entire spectrum of policy interests. Although there are contentious areas to be sure - especially on energy and religious/cultural issues - for Azerbaijan, Turkey is an essential part of a foreign policy that seeks to enhance Azerbaijan's independence by maintaining close relations with major non-Russian, non-Iranian powers. Turkey's experimentation with Islamist politics under Erdogan, bitter disputes over energy transit and especially Turkey's diplomatic approaches to Armenia all threaten a relationship that Baku desperately needs to maintain its essential foreign policy posture. End summary

Social and Economic Links

[1](#)2. (SBU) After the fall of the Iron Curtain, Azerbaijanis, who are a Turkic people, were finally able to travel to Turkey. A new feeling of brotherhood developed between the two states, and former President Heydar Aliyev would frequently refer to Turkey and Azerbaijan as &one nation, two states.<sup>8</sup> Azerbaijanis came to see Turkey as an oasis: a wealthy European paradise with historic cities and beautiful beaches, a place where people were always smiling and where they could communicate with relative ease, given the closeness of the languages. The people also saw Turkey as a big brother ready to share his knowledge and to help the younger brother develop.

[1](#)3. (SBU) Turkey is Azerbaijan's most significant bridge to the outside world. Total trade between Azerbaijan and Turkey (including energy) was \$1.68 billion in 2007, or 14.3% of Azerbaijan's total trade. Workers travel in both directions across the border, and Azerbaijani students can be found throughout Turkish universities. Turkish goods (alongside Russian goods) fill the majority of an average Baku supermarket's shelf space, and Turkish restaurants and &doner stands<sup>8</sup> (often run by Turkish families) are

ubiquitous in Baku. Turkish Airlines runs more flights into Baku (21 per week) than any other foreign airline. Official GOAJ statements may show more deference to Moscow, but social and economic ties to Istanbul are much stronger.

¶4. (C) Recently, however, friction has developed. Azerbaijanis at all levels complain that Turks do not properly respect them. Local workers lament that 17 years into independence, they are still being passed over for more skilled Turkish workers. Mid-level Azerbaijani authorities complain that Turkish companies fail to behave themselves properly, often suggesting that they are insulted by Turkish colleagues and rivals. Azerbaijan, observers note, is a small country with a big sense of self-worth, and a country that either distrusts or only partially trusts each of its neighbors, and that feels somewhat insecure. As long as Turkey does not attach the same importance to Azerbaijan that Azerbaijan does to itself, they say, the Azerbaijanis will continue to feel a lack of respect. Turkish businessmen, speaking privately, suggest that they still see Azerbaijan as a tribal state, in which a small number of families control the political and economic levers of power, and in which these families come to agreements between one other as to how to divide the country into their own fiefdoms.

#### Religious Ties and Influence

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¶5. (C) There is evidence of Turkish religious influence in Azerbaijan, despite the superficial disparity of cult between

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nominally Shia Azerbaijanis and Sunni Turks. First, Turkey is a popular destination for Azerbaijani religious scholars, many of whom return to proselytize. Turkish religious networks exist in Azerbaijan's Islamic scene, as well. One such network, that of Fetullah Gulen, emphasizes the establishment of quality educational institutions, which has enabled it to establish a presence in Azerbaijan. "Chag Oyretim" ("Modern Education") -- a private Turkish company in Baku -- oversees one university (Khazar University) and at least twelve high schools in Azerbaijan. The Gulen network also has developed links to several Azerbaijani media outlets and a local Turkish business association. Additionally, some government officials allegedly send their children to Chag Oyretim schools; Presidential Administration Chief of Staff Ramiz Mehdiyev's grandchildren are reported to go to a Chag Oyretim school, along with several other Presidential Administration officials' children.

¶6. (C) While the GOAJ generally is hostile to foreign Islamic influence, Fetullah Gulen representatives have negotiated a good relationship with GOAJ insiders that appears grounded in the broader context of the close bilateral relationship between Azerbaijan and Turkey and Chag Oyretim's ability to provide high quality educational opportunities. The GOAJ keeps a watchful eye on the group's activities, however.

¶7. (C) Local contacts report that since AKP came to power in Turkey, some GOAJ insiders increasingly are wary of Fetullah Gulen's activities and influence. Reportedly, in late 2006, there was a policy debate within the GOAJ about the pros/cons of clamping down on the Fetullah Gulen network. Some key Azerbaijani elites -- including Sheikh Allahshukur Pashazade and the Ministry of National Security -- favored clamping down on the Fetullah Gulen movement as part of a broader anti-Sunni campaign, but Turkish Prime Minister Erdogan intervened on behalf of Chag Oyretim during a meeting with President Aliyev. Erdogan was not so successful when he personally asked President Aliyev to release some members of a Turkish-inspired religious clique in the Azerbaijani army that had been holding clandestine meetings.

¶8. (C) It remains to be seen how changing Azerbaijan-Turkey relations may impact such networks in Azerbaijan, but recent

signs - including requirements that Turkish programming be "translated" into Azerbaijani (the languages are mutually intelligible) to get images of women in headscarves off the air (Reftel A) - and President Aliyev's well-known discomfort with the headscarves worn by Gul and Erdogan's wives - are negative. President Aliyev has also for some time included Turkey when listing countries that present an Islamist threat to Azerbaijan, such as Iran, Saudi Arabia and some Gulf states (Reftel B).

#### Bilateral Energy Cooperation: Cooperation and Conflict

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17. (SBU) Turkey serves as the westernmost nexus for Azerbaijan's two main export pipelines, both of which transit Turkey: the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which can carry up to 1.2 million barrels of Azerbaijani crude per day to world markets, and the Baku-Tbilisi-Erzurum gas pipeline, which carries gas that meets approximately one eighth of Turkey's gas needs, in addition to providing smaller amounts to Georgia. The construction period for these two projects was marked by strong cooperation between Turkey and Azerbaijan. Once oil and gas started flowing however in 2006/07 commercial conflicts slowly emerged, such that the BTC consortium of companies is now in arbitration with the Turkish company responsible for running the BTC pipeline within Turkey. Similarly, the Shah Deniz consortium of commercial companies that sells natural gas to Turkey, Botas is close to invoking arbitration over inability to agree with Botas over the price of the gas being sold Turkey.

18. (C) Azerbaijan's Shah Deniz offshore gas mega-field provides all the gas currently being exported from the Caspian region to Turkey. The Baku-based Shah Deniz

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Consortium of energy companies that owns this field's production is seeking to proceed with the next phase of the field's development, which would make available approximately 16-17 billion cubic meters annually, enough to sanction on its own at least one pipeline project to carry Caspian gas through Turkey to Europe. However, due to its own energy supply security concerns Turkey is seeking such high volumes of this SD Phase Two (SD2) gas that there would not be sufficient additional volumes to sanction a European pipeline. Turkey reportedly is unwilling to grant transit for Azerbaijani gas to European markets until and unless its own gas supply needs are met. Given the Shah Deniz Consortium's inability to pursue commercial contracts with European consumers due to lack of transit through Turkey, the Shah Deniz Consortium has stopped almost all funding for the development of Shah Deniz Phase Two for 2009. At the political level, failure to resolve the gas transit issue has become a major source of frustration for President Aliyev and other senior leaders of Azerbaijan.

#### Security Cooperation

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19. (C) In the security sphere, Turkey has been Azerbaijan's primary political-military ally since independence, but Turkey's incipient reconciliation with Armenia puts the future of these relations in serious jeopardy. The most obvious manifestation of the alliance has been Turkey's closure of its border with Armenia. This has made Turkey Azerbaijan's primary international supporter on the Nagorno-Karabakh issue. The Turkish military has long maintained close ties to counterparts in Azerbaijan. When deployed to PKOs in Kosovo and Afghanistan, Azerbaijani troops have done so by integrating into larger Turkish contingents. Over the years numerous Azerbaijani officers and soldiers have undergone training at Turkish facilities and Turkey has long been the official go-between between

Azerbaijan and the NATO alliance, a role it only recently yielded, the last development occurring after Azerbaijan, Romania and Poland collaborated in Brussels to name Romania as the new NATO contact point embassy.

¶10. (C) Turkey also regards Azerbaijan as a market for arms sales. Recent examples include a publicly announced agreement for final assembly in Azerbaijan of rocket artillery systems designed by the Turkish firm Reketsan. A Turkish diplomat told us that a similar deal was under consideration to produce the "Firtina" 155mm self-propelled gun. In these cases, an Azerbaijani entity receives the partially-assembled components and completes the item domestically. (Note: Embassy contacts suspect this type of arrangement mostly exists to provide opportunities for kickbacks in Azerbaijan. End Note.) Azerbaijan has also reportedly negotiated with Turkish Aselsan for upgrades, including installation of the fire control system from the German "Leopard" tank on its fleet of T-72s.

¶11. (C) While the military-to-military contacts are important, Azerbaijan views Turkey as key to its security primarily because of its support on Karabakh. Without the Turkish border closure, Baku assesses that it has no effective lever to force Armenian concessions. This is probably correct, observers note. The "nine-tenths of the law" represented by Armenia's occupation of Karabakh becomes a 100 percent victory if the Turks normalize political and commercial ties without demanding any concessions on N-K. The Azerbaijanis pessimistically and accurately surmise that, given the historical issues in play, there is no way back once Turkey reconciles with Armenia, and Turkish diplomatic pressure on Armenia to resolve N-K after recognition would be ineffective. In all likelihood, the Turkey-Armenia reconciliation -- if it goes forward without huge concessions by Armenia to Azerbaijan -- will come close to destroying this security relationship.

Comment

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¶12. (C) From an objective standpoint, Baku's relationship with Turkey is one that it should tend to assiduously, even if it means compromising and enduring what Azerbaijan thinks of as a lack of respect. The dynamic between a small country and its larger patron simply works this way much of the time. Taking a long view, Baku will simply have to accept that Erdogan is neither Ciller nor Ecevit - the secular, modernist Turkish leaders Azerbaijanis were comfortable with, and plan for better days to come. For its part, Turkey may be underestimating the resentment building in Baku, especially on the key issues of Armenia, energy and Islamism. Azerbaijan's response to these disquieting issues has to date been passive-aggressive and careful not to close off any paths to restoring strong relations. A Turkish reconciliation with Armenia that is not preceded by hard concessions on N-K will severely test Baku's restraint.

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